

Message Text

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ACTION ARA-10

INFO OCT-01 SS-14 ISO-00 EB-03 OMB-01 TRSE-00 SPC-01 NSC-10

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INFO AMEMBASSY GUATEMALA PRIORITY

AMEMBASSY MEXICO PRIORITY

AMEMBASSY SAN JOSE PRIORITY

AMEMBASSY SAN SALVADOR PRIORITY

AMEMBASSY TEGUCIGALPA PRIORITY

USCINCSO PRIORITY

S E C R E T MANAGUA 0438

LIMDIS

E. O. 11652: GDS

TAGS: PFOR

SUBJECT: SALVADOR/HONDURAS DISPUTE

1. GENERAL ANASTASIO SOMOZA HAS REPORTED TO ME ON THE DETAILS OF HIS SEVERAL HOURS MEETING WITH HONDURAN CHIEF OF STATE, GENERAL OSWALDO LOPEZ, WHICH TOOK PLACE IN MANAGUA THE MORNING OF FEBRUARY 1. GENERAL LOPEZ, ACCORDING TO SOMOZA TELEPHONED HIM ON WEDNESDAY AND ADVISED THAT HE WOULD LIKE TO MEET WITH HIM ON HIS RETURN FROM SAN JOSE, COSTA RICA, WHERE HE WAS GOING ON THURSDAY, JANUARY 31 TO MEET WITH COSTA RICAN PRESIDENT FIGUERES. PRESIDENT FIGUERES THEN TALKED TO GENERAL SOMOZA ON THE TELEPHONE TO ADVISE HIM OF THE UP-COMING MEETING, AND SOMOZA AND FIGUERES RE-ENFORCED THEIR MUTUAL POSITIONS REGARDING THE NECESSITY OF HAVING LOPEZ MEET WITH SALVADORAN PRESIDENT MOLINA ON FEBRUARY 8 AS SHCEDULED. GENERAL LOPEZ ACCORDING TO SOMOZA WAS ANXIOUS TO DETERMINE DURING THEIR DISCUSSIONS WHETHER OR NOT THE OTHER CENTRAL AMERICAN LEADERS WERE PLANNING TO "GANG UP" ON

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HIM AFTER WHAT HE DESCRIBED AS THE "EXTREMELY UNFORTUNATE" OCCUR-

RENCE AT THE CABEI MEETING WHEN EL SALVADOR BLOCKED AN EFFORT BY THE OTHER CENTRAL AMERICAN COUNTRIES TO INCREASE THE CAPITAL OF THE CENTRAL AMERICAN BANKING INSTITUTION. SOMOZA ASSURED LOPEZ THAT AS FAR AS HE WAS CONCERNED THERE WAS GOING TO BE NO EFFORT TO "GANG UP" ON HIM, BUT THERE WAS GOING TO BE A SINCERE EFFORT MADE, AND PRESSURE APPLIED TO BOTH LOPEZ AND MOLINA TO REACH AN ACCOMMODATION WHICH WOULD END THE DISPUTE BETWEEN HONDURAS AND EL SALVADOR.

2. SOMOZA INTERPOLATED AT THIS JUNCTURE THAT COSTA RICA WAS PARTICULARLY CONCERNED OVER THE FAILURE OF CABEI TO INCREASE ITS LENDING CAPACITY, SINCE COSTA RICA WAS APPARENTLY ENCOUNTERING SOME DIFFICULTY WITH IMF AND WISHED TO BE ABLE TO ARRANGE ADDITIONAL BORROWINGS FROM THE CENTRAL AMERICAN INSTITUTION.

3. SOMOZA SAID THAT HE TOLD LOPEZ THAT HE MUST RECOGNIZE THAT THERE WERE UNDOUBTEDLY CERTAIN PRESSURES ON PRESIDENT MOLINA IMMEDIATELY PRIOR TO THE CONGRESSIONAL ELECTIONS AND THAT THESE PRESSURES MUST BE TAKEN INTO ACCOUNT SINCE ANY AGREEMENT WHICH MIGHT BE MADE BETWEEN LOPEZ AND MOLINA WOULD BE RELATIVELY WORTHLESS IF MOLINA HAD SERIOUSLY LOST STRENGTH IN THE CONGRESSIONAL CAMPAIGN. SOMOZA SAID THAT THIS EXPLANATION SEEMED TO MOLLIFY LOPEZ CONSIDERABLY AND LESSEN, AT LEAST TO A DEGREE, HIS BITTERNESS TOWARD THE RECENT ACTION OF EL SALVADOR.

4. AFTER CONSIDERABLE DISCUSSION, SOMOZA SAID THAT LOPEZ SPECIFICALLY TOLD HIM THAT HE WAS PREPARED "TO BITE THE BULLET" ON THE SUBJECT OF TERRITORIAL CONCESSIONS. SOMOZA TOLD LOPEZ THAT AS FAR AS HE WAS CONCERNED ONLY TWO SUBJECTS WERE TO BE DISCUSSED AT THE JALAPA MEETING ON FEBRUARY 8, AND THOSE WERE THE SETTLEMENT OF THE SALVADOR/HONDURAS BORDER DISPUTE AND THE ARRIVAL AT TERMS FOR THE PEACE TREATY FOR THE TWO COUNTRIES. IT WAS AT THIS POINT THAT LOPEZ MADE THE STATEMENT THAT HE WAS PREPARED "TO BITE THE BULLET" REGARDING THE BORDER DELINEATION.

5. SOMOZA ALSO ADVISED THAT MOLINA HAS BEEN IN TOUCH WITH HIM AND HAS RECONFIRMED HIS (MOLINA'S) INTENTION TO BE PRESENT AT THE FEBRUARY 8 MEETING.

6. SOMOZA SAID IN SUMMARY THAT WHILE IT IS ALWAYS IMPOSSIBLE TO PREDICT THE PRECISE OUTCOME OF SUCH MEETINGS, THAT HE FEELS
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REASONABLY CERTAIN AFTER HIS DISCUSSION WITH GENERAL LOPEZ THAT THE CHANCES OF ARRIVING AT A FIRM SOLUTION TO THE EL SALVADOR/HONDURAS DISPUTE ARE VERY GOOD.

7. SOMOZA THEN MOVED INTO A DISCUSSION WITH LOPEZ REGARDING DOMESTIC HONDURAN POLITICS, EMPHASING THAT HE WAS SOMEWHAT UNCLEAR AS TO THE DIRECTION IN WHICH LOPEZ WAS MOVING, AND THAT THIS WAS OF PROPER CONCERN TO HIM BECAUSE OF THE LARGE BORDER BETWEEN

HONDURAS AND NICARAGUA. SOMOZA SAID THAT LOPEZ STATED THAT HE
WANTED TO REASSURE SOMOZA THAT HE HAD NO LEFTIST OR SOCIALIST IN-
TENTIONS AND THAT HIS DECREE 103 REGARDING THE HANDLING OF HONDURAS
LUMBER WAS BASED ON THE FACT THAT HE HAD ESTIMATED THAT HONDURAS
HAS LOST MORE THAN \$20 MILLION BY HAVING FOUR MAJOR PRIVATE COM-
PANIES HANDLE ITS LUMBER EXPLOITATION. SOMOZA SAID THAT HE TOLD
LOPEZ THAT HE UNDERSTOOD HIS INTEREST IN ADDING TO THE REVENUES OF
HONDURAS, BUT HE FELT THAT THE ESTABLISHMENT OF A PROPER TAX
STRUCTURE WOULD BE MUCH MORE SUITABLE AND HE GAVE LOPEZ EXAMPLES
OF GOVERNMENTS THAT HAD PARTIALLY MOVED INTO VARIOUS INDU
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